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STATE AUDITOR

100 DAY REPORT

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Dear Delaware Citizens,

It gives me great pleasure to present to you a report of my first 100 Days as Delaware's State Auditor.

The Delaware's Constitution imparts important functions on the State Auditors Office designed to contribute to the state's fiscal health. By ensuring that tax dollars are spent in the manner intended, it gives confidence to Delaware citizens, businesses and national credit rating organizations that our state's financial house is in order.

Part of what contributes to Delawareans having confidence in state government is knowing that tax dollars are being used effectively and efficiently.

This means continuing our mission to investigate fraud, waste and abuse.

And while the oversight role drives our ongoing work, the Auditors' Office can be so much more. From my perspective, this office can go beyond that and be a resource for state government to work better for Delaware.

That is why during my first 100 Days as State Auditor, we focused on resetting this office to function and operate in a way that best serves the citizens of Delaware and the dedicated men and women who work in state government. What does that mean?

Restructuring the office

On January 2nd, my first day as your State Auditor, I walked into an office with a 50% vacancy rate and a backlog of unpublished audits, reports and investigations.

The practical impact of a vacancy rate this high meant that audits that could have been done in-house were being contracted out (often at a higher hourly rate) to outside consulting firms. There was an insufficient number of senior level staff available to do critical quality control review work, which delayed the release of completed work, and auditors performed routine administrative office tasks instead of actually auditing.

So, we

- ✓ **restructured** the office to ensure that auditors audit and not spend time on office administration;

- ✓ **prioritized** completing and releasing unpublished investigations and audits;
- ✓ **began** a recruitment program to fill vacant, authorized positions, resulting in 12 new hires since January 2nd;
- ✓ **reviewed and revised** job descriptions to be sure our applicant pool would have the skills, experience and education necessary to meet the offices' duties and responsibilities;
- ✓ **revised** office operating manuals to ensure the office is working efficiently and is aligned with national standards;
- ✓ **developed** training and professional development program for staff;
- ✓ **focused** on creating an inclusive workforce, representative of Delaware's population, and
- ✓ **consolidated** all staff at one location on one floor reducing our footprint and improving staff supervision.

Restoring resources to the office

Next we examined resources. Today, everyone is challenged to do more with less. But it was a surprise to discover how much less. The Auditors' Fiscal Year 2019 budget is less than what it was in 2008. Not only that, the office has 33% fewer authorized positions than it did in 2008.

For an office whose mission is to ensure accountability in state spending, that's unacceptable.

During the past 100 days, I examined all aspects of the office's operations to make sure that we have the financial resources and personnel we need to do our job and meet the office's mission. The result of this work – which continues – is that we:

- ✓ **identified** savings by reviewing all contracts and cancelling unnecessary contracts,
- ✓ **implemented** a more rigorous contract management process,
- ✓ **requested** additional resources from the General Assembly,
- ✓ **upgraded** technology and software so that auditors can work more efficiently,
- ✓ **coordinated** staff training opportunities with other state agencies, and
- ✓ **focused** on addressing Special Fund revenue.

Re-examining how the office functions

My vision is for Delaware taxpayers to have a best-in-class Auditors Office. There are many components and factors that would be involved that were mentioned earlier such as

- ✓ **restructuring** the staff,
- ✓ **upgrading** technology,
- ✓ **recruiting** staff,
- ✓ **providing** training and professional development opportunities for staff, and
- ✓ **soliciting** input from the staff into how to operate the office.

In 100 days, these measures dramatically improved office workflow, productivity and morale. To become best in class, you next need a catalyst to go to the next level. So I decided to....

Audit the Auditors Office.

I contracted with a private auditing firm, one that never did business with the Auditors Office, to examine all aspects of the office's past and current operations and functions. Their charge was to determine where this office was, where we are today, and benchmark us against national standards and other state auditor offices. Their report, which will identify where we are strong and where we have opportunities to improve, will serve as roadmap in our journey to make the Auditors Office relevant to Delaware taxpayers.

Most importantly, when the report is finished, I will release its findings and recommendations. That way, the public will know what we know.

Restarting active community outreach

Finally, during the past 100 days, it became abundantly clear that an overwhelming majority of the public do not know what the Auditors Office is or what it does. Anecdotally, a number of individuals I spoke with believed the office audited personal tax returns.

The fact that the office is either unknown or its mission misunderstood is problematic for a number of reasons. First, one of the main functions of the office is to combat fraud, waste and abuse of state resources. The public can serve as a key partner for our office by being extra sets of eyes and ears and reporting suspicious activities.

Second, the Auditors Office can miss opportunities to be a resource for the public and nonprofit organizations that receive state funds. Many times, nonprofit organizations rely on well-intentioned, inexperienced volunteers to operate and manage its funds. By getting involved early with trainings and being seen as a resource (instead of an enforcement arm of the state) for these organizations, we can hopefully prevent issues from occurring.

To address this, we launched an aggressive outreach program to raise awareness of the Auditors Office. We

- ✓ updated the Auditors' website to be more user friendly and contain useful information;
- ✓ promoted ways to report suspected fraud, waste and abuse;
- ✓ held three town hall meetings, one in each county;
- ✓ launched social media channels to communicate information to the public;
- ✓ reformatted Audit, Investigations, Agreed Upon Procedures, and Reports to make the information easier to read and understand, and
- ✓ attended community meetings, including speaking engagements, to talk about the Auditors Office.

Looking Ahead

I believe this office can do better...and *will* do better.

It has to do better because its roles and responsibilities factor greatly into maintaining Delaware's fiscal health and giving Delawareans confidence that their tax dollars are being spent properly.

We must first be accountable ourselves and to the taxpayers before we hold others accountable. So no more band-aids, quick fixes, or just doing the minimum required in this office. It's time to make this office relevant again.

Thank you.

Sincerely,



Kathleen (Kathy) McGuinness

State Auditor

